

Message Text

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ACTION EB-07

INFO OCT-01 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 OIC-02

AF-06 ARA-06 EA-06 EUR-12 NEA-09 XMB-02 /132 W

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FM USDEL MTN GENEVA

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PASS STR, COMMERCE, AGRICULTURE

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: MTN: INITIATION OF QR NEGOTIATIONS

REF: MTN GENEVA 3173

1. SUMMARY: MTN DEL STRESSES NEED FOR EARLY ACTION BY APPROPRIATE WASHINGTON AGENCIES (COMMERCE AND USDA) TO PREPARE U.S. QR NOTIFICATIONS IN TIME TO MEET END MAY DEADLINE AGREED AT LAST WEEKS' NTM SUBGROUP MEETING. END SUMMARY.

2. REFTEL REPORTS ON APRIL 22-30 MEETING ON QUANTITATIVE RESTRICTIONS QR'S) WHICH AGREED, INTER ALIA, ON A WORK PROGRAM AIMED AT EARLY INITIATION OF THE BARGAINING STAGE OF QR NEGOTIATIONS. AS A FIRST STEP, INTERESTED COUNTRIES HAVE BEEN INVITED TO NOTIFY SPECIFIC QR'S TO THOSE COUNTRIES APPLYING THEM, AND TO ENGAGE IN BILATERAL/PLURILATERAL DISCUSSIONS OF THESE MEASURES.

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3. THE CHAIRMAN'S SUMMING UP DESCRIBED THESE CONSULTATIONS

AS FOLLOWS: QUOTE

(A) AS AN INITIAL STEP TOWARDS THE WORKING OUT OF SOLUTIONS, A PROCESS OF INFORMATION, EXAMINATION AND DIALOGUE SHOULD BE UNDERTAKEN WITH RESPENS. THIS PROCESS SHOULD ELUCIDATE, INTER ALIA, WHETHER RESTRICTIONS ARE MAINTAINED IN ACCORDANCE WITH THE GENERAL AGREEMENT AND SHOULD ALSO ELUCIDATE THE ECONOMIC AND SOCIAL CIRCUMSTANCES UNDERLYING PARTICULAR RESTRICTIONS IN IMPORTING COUNTRIES.

(B) THIS PROCESS OF INFORMATION, EXAMINATION AND DIALOGUE WOULD TAKE PLACE THROUGH DETAILED BILATERAL OR PLURILATERAL CONSULTATIONS OR DISCUSSIONS BETWEEN COUNTRIES MAINTAINING RESTRICTIONS AND COUNTRIES NOTIFYING A DIRECT TRADE INTEREST IN THESE RESTRICTIONS THROUGH THE SECRETARIAT. THESE CONSULTATIONS OR DISCUSSIONS MIGHT INCLUDE SPECIFIC SUGGESTIONS FOR ACTION IN REGARD TO INDIVIDUAL RESTRICTIONS. FLEXIBILITY SHOULD BE ALLOWED FOR DEVELOPING COUNTRIES TO PARTICIPATE ADEQUATELY IN THIS PROCESS.

(C) THE RESULTS OF THESE CONSULTATIONS OR DISCUSSIONS WOULD BE REPORTED TO THE NEXT MEETING OF THE SUB-GROUP BY THE COUNTRIES INVOLVED IN EACH OF THE CONSULTATIONS OR DISCUSSIONS FOR ANALYSIS OF THE EXISTING SITUATION BY THE SUB-GROUP.

(D) THE SUB-GROUP MAY AT THE SAME MEETING CONSIDER THE POSSIBILITY OF FORMULATING ADDITIONAL PROCEDURES FOR BILATERAL AND/OR PLURALATERAL NEGOTIATIONS SUCH AS SPECIFIC REQUESTS AND OFFERS IN THOSE AREAS WHERE THIS WOULD BE APPROPRIATE. IT MAY ALSO CONSIDER THE POSSIBILITY OF WORKING OUT A GENERAL FORMULA OR FORMULAE OF AUTOMATIC APPLICATION. END QUOTE

4. IN ADDITION TO THE ABOVE, US DEL BELIEVES TWO OTHER ASPECTS OF THESE CONSULTATIONS SHOULD BE CONSIDERDD:

(A) EXTENT OF NOTIFICATIONS-MANY DELEGATIONS, PARTICULARLY THE EC, STRESSED THAT THESE CONSULTATIONS LIMITED OFFICIAL USE

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SHOULD NOT EXAMINE ALL EXISTING QR'S, AS DID THE JOINT WORKING GROUP IN THE PREPARATORY PHASE, BUT SHOULD BE LIMITED TO SPECIFIC QR IN WHICH A GIVEN COUNTRY HAS A SIGNIFICANT TRADE INTEREST.

ALTERNATIVELY NOTIFICATION COULD BE MADE OF ALL KNOWN QR'S. WHILE THIS WOULD BE QUITE TIME CONSUMING AND WOULD REPEAT THE WORK DONE BY THE JWG, IT WOULD IDENTIFY

THE CURRENT UNIVERSE OF QR'S THAT COULD BE USED FOR FURTHER REFINEMENT AS THE QR NEGOTIATIONS PROGRESS. HOWEVER, THIS APPROACH WOULD NOT MOVE THE QR NEGOTIATIONS FORWARD.

(B) TYPES OF QR'S-AGREEMENT WAS NOT REACHED ON WHAT TYPES OF QR'S ARE TO BE NOTIFIED. MANY LOC'S FOR EXAMPLE, INSISTED THAT TEXTILES QR'S WERE SUBJECT TO THE WORK OF THIS SUBGROUP. THE EC MAINTAINED THAT EXPORT RESTRICTIONS (ER'S) SHOULD BE INCLUDED. FYO, EC DEL (ABBOTT) INDICATED THEY ARE CONSIDERING NOTIFICATION OF SOME ER'S ON MINERALS. SOME DELS HAVE INQUIRED WHETHER U.S. ALSO PLANS TO NOTIFY ER'S. END FYI U.S. MAINTAINED THAT WORK OF THIS GROUP INCLUDES NOT ONLY QUOTAS AND DISCRETIONARY LICENSING, BUT ALL MEASURES HAVING A QR EFFECT SUCH AS MIXING REGULATIONS, SCREENTIME QUOTAS, VARIABLE LEVIES AND MINIMUM IMPORT PRICES. SINCE NO AGREEMENT WAS REACHED, THERE DOES NOT APPEAR TO BE ANY RESTRICTION ON THE KINDS OF QR'S THAT A COUNTRY MAY CHOOSE TO NOTIFY.

5. COMMENT: U.S. DEL BELIEVES THAT THESE CONSULTATIONS SHOULD BE USED AS A KICKOFF FOR SERIOUS QR NEGOTIATIONS ON SPECIFIC MEASURES OF INTEREST ON THE UNITED STATES. FOR THIS REASON, THE CONTENT OF THE INITIAL NOTIFICATIONS IS CRITICAL TO EARLY AND SUCCESSFUL INITIATION OF QR NEGOTIATIONS.

6. ALTHOUGH THE TIMETABLE DESCRIBED IN REFTTEL FOR THIS WORK PROGRAM IS AMBITIOUS, IT IS CONSISTENT WITH U.S. STATEMENTS PROPOSING EARLY PROGRESS IN THE MTN. U.S. EFFORTS TO MEET THIS TIMETABLE WILL DEMONSTRATE OUR SERIOUS INTENTIONS IN THIS REGARD. SOME COUNTRIES, NOTABLY LIMITED OFFICIAL USE

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JAPAN, INDICATED THAT THEY WOULD HAVE DIFFICULTY MEETING THIS SCHEDULE. WITHOUT PRESSURE FROM COUNTRIES WHICH HAVE SUBMITTED THEIR NOTIFICATIONS ACCORDING TO THE TIMETABLE, THE LAGGARDS WILL PREVAIL.

7. ACTION REQUESTED: MTN DEL RECOMMENDS THAT COMMERCE AND USDA PREPARE NOTIFICATIONS THAT COVER FULL RANGE OF U.S. INTERESTS IN QR AREA. IN OUR VIEW THESE NOTIFICATIONS SHOULD DESCRIBE SPECIFIC QR'S AND TO THE EXTENT POSSIBLE, SHOULD REPRESENT ACTUAL U.S. TRADE INTERESTS, BE SUBMITTED ON A TARIFF LINE AND COUNTRY BASIS, COVER ALL MTN PARTICIPATNS, AND BE SUBMITTED BY THE END OF MAY DEADLINE, FOR REASONS OUTLINED ABOVE.HARTZELL

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